

## Message Text

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ACTION AGRE-00

INFO OCT-01 EUR-12 ISO-00 FEA-01 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15  
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01  
/087 W

-----095987 290941Z /21

P 290900Z AUG 77

FM AMEMBASSY BERN

TO SECSTATE WASHDC PRIORITY 4843

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EO 11652: N/A

TAGS: ETRD, SZ

SUBJ: SWISS CHEESE QUOTA - COUNTRY TRANSFERS

REF: A) STATE 199420; B) REISZ/ODELL TELECON 8/26/77

1. SUMMARY: CHARGE AND ECON OFFICER AUG 25  
CONVEYED REFTEL RESPONSE TO AMB JACOBI.  
WE STRESSED THAT SWITZERLAND WOULD NOT BE "GIVING UP"  
ITS QUOTA WHICH WOULD BE RE-ALLOCATED IN 1978 (PARA  
1 (E) REF A). JACOBI SAID SWISS WOULD REGISTER OBJECTION  
WHEN QUOTA TRANSFERRED. END SUMMARY.

2. JACOBI SAID HE HAD RECEIVED MESSAGE FROM SWISS  
EMBASS WASHINGTON REPORTING STATEMENT BY USDA  
OFFICIAL DRAWING SWISS ATTENTION TO PROVISION OF US REGU-  
LATIONS TO EFFECT THAT IF A PARTICULAR COUNTRY'S QUOTA  
IS NOT USED FOR TWO CONSECUTIVE YEARS, THEN QUOTA  
WOULD BE LOST TO THAT COUNTRY, UNLESS IT CAN PRESENT  
REASONS TO THE AUTHORIZING AUTHORITY SHOWING WHY IT  
WAS NOT IN A POSITION TO USE THE QUOTA.  
JACOBI SAID THIS DEVELOPMENT HAS CAUSED HIM TO BE  
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CONCERNED ABOUT THE SWISS LEGAL POSITION AND ABOUT  
FUTURE ECONOMIC IMPLICATIONS OF INTENDED QUOTA  
TRANSFER. JACOBI ASSERTED THAT IF HE HAD BEEN AWARE OF  
THIS REGULATION IN 1975, HE WOULD NOT HAVE ENTERED  
INTO AGREEMENT WITH MACDONALD OF TRESURY TO RESTRICT IMPORTS  
OF GRINDER CHEESE.

3. IN REGARD TO TRANSFER OF SWISS QUOTA TO COUNTRIES WHICH DO NOT SUBSIDIZE GRINDER CHEESE (PAR 1 (B) REF A), JACOBI SAID HE WOULD FEEL BETTER IF HE WERE CERTAIN THAT THESE COUNTRIES' CHEESE EXPORTS ARE REALLY NOT SUBSIDIZED. HE SUGGESTED THE POSSIBILITY OF COUNTRIES LIKE WEST GERMANY AND FINLAND IMPORTING LOW-PRICED CHEESE FROM THIRD COUNTRIES, E.G., EAST GERMANY, AND THEN RE-EXPORTING THAT CHEESE TO US.

4. JACOBI SAID THAT SWISS CONCERN ON TRANSFER OF ITS CHEESE QUOTA STEMMED FROM CONTINUING DECLINE IN SWISS SHARE OF US CHEESE MARKET WHILE SHARE OF OTHER COUNTRIES IS INCREASING, THOUGH SWISS CHEESE EXPORTS TO US HAVE RISEN IN ABSOLUTE TERMS. HE NOTED THAT WHEREAS SWITZERLAND HAD AGREED TO REFRAIN FROM EXPORTING GRINDER CHEESE WITHIN ITS QUOTA (TSU 950. 10B CHEESES), OTHER COUNTRIES MAKING USE OF TRANSFERRED SWISS QUOTA MIGHT SHIP HIGHER QUALITY OF CHEESE SUITABLE FOR TABLE CONSUMPTION, RATHER THAN CHEESE INTENDED FOR FURTHER PROCESSING. JACOBI STRESSED THAT SWISS HAVE UNILATERALLY REFRAINED FROM EXPORTING LOW GRADE BUT NONETHELESS TABLE-QUALITY CHEESE BECAUSE THEY WANT TO MAINTAIN IMAGE OF HIGH-QUALITY CHEESE ON US MARKET.

5. JACOBI SAID IT WOULD BE INTERESTING  
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TO KNOW WHETHER QUOTA FOR TSU 950.10B CHEESE OF ANY OTHER COUNTRY IS BEING TRANSFERRED. SWISS ARE AWARE THAT IRELAND'S QUOTA FOR TSU 950.10E CHEESE HAS BEEN TRANSFERRED. JACOBI SAID HE UNDERSTOOD CONFLICT BETWEEN PRESSURES ON USDA TO PROTECT DOMESTIC US CHEESE PRODUCERS AND PRESSURES TO PEN US ECONOMY TO LOWER-PRICED FOOD IMPORTS. HE SAID SWISS HAD AGREED TO LEAVE LOW QUALITY MARKET TO US PRODUCERS, AND THAT IT HAD BEEN DIFFICULT POLITICAL DECISION FOR SWISS GOVT TO ORDER SWISS CHEESE SUPPLIERS TO RESTRICT THEIR EXPORTS AFTER 1968 BANNER YEAR FOR EXPORTS TO US. JACOBI SAID HE EXPECTED BITTER REACTION FROM SWISS SUPPLIERS IF SWISS QUOTA IS TRANSFERRED TO OTHER COUNTRIES.

6. JACOBI TOOK NOTE OF AGRICULTURE'S INTENT TO PROCEED WITH TRANSFERS FROM THE END OF AUG AND SAID SWISS WOULD PROBABLY HAVE TO REGISTER OBJECTION WHEN TRANSFER IS CARRIED OUT. HOWEVER, HE SAID CLARIFICATION OF QUESTION OF RELINQUISHMENT OF SWISS QUOTA AFTER TWO YEARS OF NON-USE WOULD BE IMPORTANT IN GAUGING PROTEST.

7. ACTION REQUESTED: EMBASSY APPRECIATES PROMPT TELEPHONE  
RESPONSE (REF B) PROVIDING INFO REQUESTED  
REF A. HOWEVER, WE WOULD APPRECIATE DEPT EXPEDITING  
CABLE REPLY PROVIDING ACTUAL TEXT OF USDA REGULATION IN  
QUESTION WHICH CONTAINS THE WORDS "TWO YEARS." ALSO,  
BREAKDOWN OF COUNTRY QUOTA TRANSFERS THIS YEAR  
ACCORDING TO CHEESE CATEGORY WOULD BE  
HELPFUL TO CONVEY TO SWISS.  
ODELL

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Date:** 22 May 2009  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009